



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

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ADDRESS BY THE TEMPORARY ALTERNATE GOVERNOR FOR NORWAY
AT THE FIFTH PLENARY SESSION

Ingrid Glad

1. I would like to begin by joining others in thanking Brazil for hosting this year's annual meeting in these beautiful and friendly surroundings.
2. Latin America and the Caribbean region (LAC) is at a crucial stage of development, and ahead of them are both challenges and opportunities. The ongoing modernization and reform process, in which the IDB is actively involved, should provide a sound basis for the macro-economic stability and higher rate of investment necessary to lift the region out of recession and unemployment. Compared with the other developing regions, LAC has a better qualified human resource base, which is an invaluable asset. On the other hand, recent events have revealed that the obstacles are many and that the regions' economies are particularly vulnerable to external shocks.
3. The crisis in Argentina, which has both internal and external causes, has been a focus of attention in recent months and during this Annual Meeting. The initiative now lies with Argentina, which needs to carry out basic economic and political reforms in close collaboration with the IMF, IDB and the World Bank. Fortunately the crisis has so far not spread to neighboring countries and the rest of the region, which indicates that the region may hopefully embark on the path to recovery in the near future.
4. Let me now turn directly to the Bank's role in the Region and how we see its past achievements and future challenges. Norway welcomes the new lending framework which should enhance the Bank's response capacity to emergency situations. In this regard we underline the importance of complying with the Bank's development mandate, as well as close coordination with the IMF and the World Bank. We believe that emergency loans should primarily be used to mitigate the effects of the crisis on the poor and to protect funding for social programs targeted at the poor. In the light of the recent worrying decline in investment lending, efforts should also be devoted to strengthening the borrowing countries' capacity to take up investment loans. Finally, we attach great importance to the decision that

all lending instruments will be subject to the same criteria of poverty reduction and development effectiveness.

5. We are pleased to see that the IDB is committed to development effectiveness and that quality enhancement has been put on the top of the Bank's agenda. Norway attaches great importance to the work the Development Effectiveness Report recently prepared by the Office of Oversight and Evaluation. The findings in this report clearly show the need for the Bank to put in place monitoring and evaluation systems, in order to increase the effectiveness of its lending and non-lending activities. Incentives that reward quality rather than quantity are vital elements of this new concept. Strengthening the evaluation capacity of the borrowers and ensuring adequate managerial and technical skills in the country offices and executing agencies is yet another area that must be given high priority.

6. Development assistance is under constant scrutiny and the demand for results is greater than ever. We therefore noted with satisfaction that President Iglesias in his opening remarks to the Board of Governors underscored that the priorities embodied in the Millennium Development Goals (MDGs) must be translated into specific targets at the country level and consequently be incorporated in IDB's and other development partners' country programming. The attainment of these development goals is based on the principle that the countries themselves must lead the national processes to develop comprehensive Poverty Reduction Strategies. We strongly encourage the Bank to actively take part in the devising of these strategies when called upon by governments, and to use the PRSPs when they exist as a basis for its own work. It will be particularly important to align the new lending framework with the country-owned development strategies. We firmly believe that strengthened country ownership and the establishment of common goals will enhance the effectiveness of our investments.

7. As you have previously heard, the Nordic countries and representatives of the Bank met in Paris in January to discuss the Bank's work on poverty reduction and gender mainstreaming. It was emphasized that the implementation of the institutional strategy, and consequently the Bank's ongoing review of sector strategies, policies and guidelines, provides a unique opportunity for the Bank to mainstream cross-cutting concerns such as social inclusion, gender, poverty and environment into the four pillars of the strategy. Norway believes that these perspectives are vital for reducing poverty and promoting development that is environmentally, socially and financially sustainable.

8. The Bank has placed HIV/AIDS on its annual meeting agenda this year, and rightly so. This regional development concern requires urgent action before the epidemic spreads to the general population. The IDB is well suited to helping its borrowing members find effective solutions to this problem. In this regard, we warmly welcome the collaboration with UNAIDS and PAHO.

9. Norway is pleased to support the Bank's active role in placing ethics on the development agenda for LAC. Decision-makers at all levels in the development process including in the Bank itself are continuously confronted with problems and challenges that have ethical dimensions. It is therefore important to establish ethical reference points that can guide decision making. We look forward to further collaboration with the Bank on this issue.

10. We are looking forward to the coming discussion on the new Comprehensive Private Sector Strategy dealing with the three private windows of the Bank Group. We assume that some of the most interesting recommendations of the Gurría Report will be considered in this context, but would like to stress that the Bank's future role in the private sector should be based on and guided by the two overarching objectives of the institutional strategy.

11. Norway has recently joined the Inter-American Investment Corporation (IIC). We will seek to influence the IIC to become more development-oriented and more focussed on results, especially on poverty reduction. The Corporation's efforts to enhance the quality of its operations through increased transparency and new efforts to combat fraud and corruption are indeed welcome.

12. The forthcoming UN Conference on Financing for Development in Mexico will be yet another opportunity for the world's nations to agree upon adequate resources and the most efficient financing mechanisms for attaining the Millennium Development Goals. As you are well aware of, Mr. Iglesias, Norway attaches great importance to strengthening the role and voice of the IDB and the other regional development banks in the international discourse on development financing. We hope that the Regional Development Banks will be able to put their mark on the upcoming Conference, and we look forward to further collaboration in this and other areas.